

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN TOM ZOOK**, on February 3, 2003 at 5:00 P.M., in Room 317-B Capitol.

ROLL CALL

Members Present:

Sen. Tom Zook, Chairman (R)
Sen. Bill Tash, Vice Chairman (R)
Sen. Keith Bales (R)
Sen. Gregory D. Barkus (R)
Sen. Edward Butcher (R)
Sen. John Cobb (R)
Sen. Mike Cooney (D)
Sen. John Esp (R)
Sen. Royal Johnson (R)
Sen. Bob Keenan (R)
Sen. Rick Laible (R)
Sen. Bea McCarthy (D)
Sen. Linda Nelson (D)
Sen. Trudi Schmidt (D)
Sen. Debbie Shea (D)
Sen. Corey Stapleton (R)
Sen. Emily Stonington (D)
Sen. Jon Tester (D)
Sen. Joseph (Joe) Tropila (D)

Members Excused: None.

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 136, 1/25/2003; SB 160,
1/27/2003
Executive Action: None

HEARING ON HB 136

Sponsor: REP. STAN FISHER, SD 74, Bigfork

Proponents: Chuck Swysgood, Office of Budget and Program Planning

Opponents: None.

Opening Statement by Sponsor:

REP. STAN FISHER, SD 74, Bigfork, advised HB 136 eliminates \$175,000 annual general fund statutory appropriation to the Governor's Office of Economic Opportunity. SB 445 in 2001 created the office and \$350,000 annual general fund was included in the bill. A portion of the appropriation was to be used to develop an office in Washington, D.C. and a portion was used to fund business recruitment activities. In August of 2002 during the special session, the statutory appropriation was reduced from \$350,000 to \$175,000 annually. HB 136 further reduces the statutory appropriation from \$175,000 annually to 0 for a total general fund savings of \$350,000 for the biennium and the reduction is included in the executive budget. The bill passed 19-0 in **House Appropriations** and cleared the house unanimously with no contentions.

Proponents' Testimony:

Chuck Swysgood, Office of Budget and Program Planning, testified the bill deals with the remaining money in the statutory appropriation given to the Governor's office during reorganization last session which was reduced by half during the special session in 2002. The further reduction of \$175,000 each year eliminates the statutory appropriation and it was put forth by the Governor's office in order to meet the target he had set for them in the budgeting process.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

SEN. EMILY STONINGTON asked how much money remains for the operation of the **Office of Economic Development**.

Mr. Swysgood indicated some of the general fund appropriation was also reduced but some remains to operate and staff the office.

SEN. STONINGTON asked if that was done in **General Government** and **Mr. Swysgood** replied yes.

SEN. TRUDY SCHMIDT asked **Mr. Dave Gibson, Governor's Office of Economic Opportunity**, about the effect on his office.

Mr. Gibson advised the current general fund appropriation with all the reductions is about \$650,000. The reduction eliminates any chance of implementing the Washington, D.C. office and cut into some of his ability to do marketing.

SEN. KEITH BALES asked why not leave the appropriation in statute and appropriate less in the general fund.

Mr. Swysgood answered the statutory requirement was for business recruitment and retention and was eliminated completely because there is not enough to fund it.

SEN. BALES asked **Mr. Gibson** how he perceived the differences between the statutory appropriation and the appropriation that may come in HB 2.

Mr. Gibson described knowing nothing about government when he started his job; it was explained to him statutory was really good and general fund was really bad because statutory was well protected. He felt the legislature could do whatever they wanted and in the first special session he found out he was more right than wrong in his assessment. He said they would look at the whole pot of money and make the appropriate cuts. There are some long term funding aspects he felt would be important to have in statutory. For the next two years, it would not have much effect but they may be back in two years arguing to get some of that statutory restored.

Closing by Sponsor:

REP. FISHER closed on the bill.

HEARING ON SB 160

Sponsor: JOHN COBB, SD 25, Augusta

Proponents: None

Opponents: None

Opening Statement by Sponsor:

JOHN COBB, SD 25, Augusta advised there is a new zero fiscal note to SB 160. The bill asks **DPHHS** to develop performance based outcomes and to present them to the **Interim Committee on Child and Families**. He advised in most states the legislature helps set performance outcomes when doing budgets for departments. The department reports how they're going to spend the money and the expected outcomes. **DPHHS** is already doing outcomes but because of budget cuts they aren't doing many outcomes right now. The department would report to the interim committee which would allow the interim committee to see what is being done with the money. He cited the example of chemical dependency and foster care. The interim committee can make comments or not. He advised there was an amendment for the tribes so they can know what the performance goals are. He felt the bill was a way for the legislature to begin to move from the current budgeting process to going to outcomes. Most legislatures are doing this kind of budgeting process. He hoped in a couple years, the legislature would go to this with all the agencies.

Proponents' Testimony: None.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

SEN. STONINGTON noted there was a similar exercise with the Higher Education system and they reported to the legislature on accountability measures. She was willing to bet not one or two members on the committee looked at it for more than 30 seconds. She said one of the big issues was expense and in a budgetary crisis that was a concern. She wondered how much **DPHHS** was already doing of what he had in mind.

SEN. COBB replied all of it. They hadn't done the goals and outcomes this year so much because the budget fell to pieces. They won't make up a brand new system. An example of a goal is to have 60% of all families reunited within foster care within a year. After the budget is set, they will go back and redo their goals but not now in the middle of the budget process.

SEN. STONINGTON asked if they were already doing this, what in the bill is new.

SEN. COBB advised it starts to involve the legislature. Right now there's just inputs and outputs, adding FTEs and doing across the board cuts. In most states the legislature takes a more active role. He advised he had the same bill in the last session and they killed it; the administration did not like it. He

advocated the legislature get more active through looking at goals and outcomes.

SEN. STONINGTON asked about the fiscal note cost.

SEN. COBB advised the department's fiscal note indicates no cost because they're going to use what they're already doing. He thought it would be good for legislators to look at what the department is doing with the money and not just waiting for an audit or the next session. He tried to make it as cheap as possible but wants to get the legislature fully involved in setting performance goals instead of budgeting by FTEs.

VICE-CHAIRMAN BILL TASH asked about similar legislation enacted in the mid 90s affecting performance based budgeting for the **Department of Military Affairs** and wondered how that turned out.

SEN. COBB said this was a little different. After the budget process, the department will be asked for their goals and the legislature can comment. The department will present to the interim committee and the committee can act or go back to the old way where the department creates the goals and the legislature is not part of the process.

SEN. RICK LAIBLE asked about the general fund impact for agencies to do what they were told to do in previous legislative sessions.

SEN. COBB clarified the departments were told to do their goals but the legislature never looks at the goals. He amended the bill to include only **DPHHS** so the fiscal note with the other agencies doesn't apply. The new fiscal note will have a zero fiscal impact because the department said they would do it with no money involved.

SEN. LAIBLE asked if there would be no impact to the general fund.

SEN. COBB said that is correct and advised he didn't sign the original fiscal note because he figured departments ought to be doing this now.

SEN. TRUDY SCHMIDT wondered about forcing the legislature to take a more active role.

SEN. COBB indicated the **Child and Families Interim Committee** would be the committee that would receive the report and if they don't want to do anything or make any comments that's up to them. He reiterated about 20 legislators do the budget process and this would give another committee an opportunity to look at the money

and the goals. He advised agencies were getting better at setting goals, but the legislature doesn't currently look at those goals in terms of the money. He wants to get more legislators interested in how the **Human Services** budget works and if it works the way they want it to. Right now that is not being done.

Closing by Sponsor:

SEN. COBB closed on the bill.

ADJOURNMENT

Adjournment: 5:25 P.M.

SEN. TOM ZOOK, Chairman

PRUDENCE GILDROY, Secretary

TZ/PG

EXHIBIT (fcs23aad)